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Review of U. S. Overseas Personnel Practices
in Certain Far East Countries

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Bureau of the Budget
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INTRODUCTION

This report is based on a six week trip to [REDACTED]

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[REDACTED] The basic purpose of the trip was to make a comparative survey of allowances and differentials paid by U. S. Government agencies in order to determine, if possible, ways of improving current practices. In addition to reviewing allowances and differentials, some attention was devoted to examining the personnel grade structure of the chief civilian agencies at the major posts visited. Finally, an effort was made to appraise the adequacy of government-provided services in the various foreign areas.

Most of the information contained in the report was obtained through interviews with agency representatives abroad, including visits to many homes. Also of value, particularly as a guide to areas meriting investigation, were individual questionnaires distributed on a cross-sectional basis by administrative officers of various agencies. Because of the limited time available for the study, emphasis was placed on the main civilian overseas agencies; namely, the Department of State, USIA, ICA, and CIA. MAAG representatives were also included in the discussions at each post visited. In all instances these agencies proved highly cooperative in assisting the study.

It was realized from the outset that an interagency comparative study has certain shortcomings. The legislative authority for paying allowances and differentials is not the same for all agencies, and agency practices may vary to satisfy diverse occupational requirements. As regards grade levels, certain agencies have a greater need for technically trained personnel than others, and this will occasion a higher average level. Finally there is the fact that many agencies have only a small number of representatives abroad and time would not permit a review of all of them. Despite these drawbacks, it was determined that only through a comparative study could discrepancies be discovered and an approach be found to ensure a more uniform and equitable treatment of all U. S. personnel.

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CONCLUSIONS

The following conclusions are based on a small sample of countries, and are presented as a basis for further discussion with informed Washington officials.

General legislation

In order to improve morale and provide more equitable treatment for U. S. personnel overseas, we advocate the establishment of uniform allowances for overseas civilian personnel, without regard for employing agency. This is the fundamental objective of the Overseas Employees Fringe Benefits Act (H. R. 3527) now under consideration by the Committee on Post Office and Civil Service. Overall, we feel that Department of Defense civilians receive less favorable treatment than the employees of the other principal overseas agencies.

We were particularly impressed with the opportunities for improving the application of the various types of allowances and differentials, as follows:

Housing

1. That the quarters allowance be so geared as to cover the actual cost of rent and utilities, but that adequate administrative restraints be imposed to keep the quality of housing at a reasonable level.
2. That a central control point be established in each Embassy, preferably in the administrative office, which would supervise the uniform application of the revised quarters allowance system.
3. Generally the U. S. Government should provide major items of heavy equipment and furniture and reimburse employees for storing their privately owned furniture.
4. That all agencies pay allowances in the same currency, with appropriate adjustments having been made when the official exchange rate is artificially pegged so as to prevent undue hardships to U. S. overseas personnel.
5. That increased emphasis be placed on locating U. S. personnel having representational and/or reporting responsibilities among the local population rather than within U. S. owned compounds.

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6. That the U. S. Government endeavor to gain control of more housing units, preferably on a long-term lease basis, so as to subject U. S. personnel less to the whims of the local market and local landlords.

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Post Differential (Hardship Allowance). We do not believe that [REDACTED] under existing ground rules constitutes a hardship post and recommend abolition of the 10 percent differential currently allowed.

Transfer allowance. Considering the clear-cut authority contained in the Foreign Service Act of 1946, as amended, and reasserted in the pending Overseas Employees Fringe Benefits Act, we believe that the Department of State should reconsider its decision of May 1957 limiting this allowance to changes between climatic zones and, at the same time, probably make the allowance reflect more realistically the expense involved in a transfer.

Travel Per Diem. We think consideration should be given to the feasibility of reimbursing official travellers for the actual cost of lodging, and that the per diem then be reduced accordingly to take cognizance of non-lodging expenses only.

Representation Allowance.

1. We agree with frequently expressed beliefs that the U. S. is too parsimonious in granting representation money and particularly favor a sharp increase for USIA. On the other hand, we feel that this allowance for CIA may be too liberal.

2. The Department of State has frequently had difficulty before Congress because of a failure to document adequately its needs for representational funds. The recent directive calling for the programming of representational requirements should help to remedy this shortcoming and deserves encouragement.

Official Resident Allotment. This allotment, in our opinion, should be paid not only to the U. S. Ambassador and the chiefs of the USOM and CIA missions, as at present, but also to the deputy chief of mission of the Embassy and the chief public affairs officer in the larger posts.

Travel and Transportation Allowances.

1. We think that the weight allowances for shipment of household effects or the storage thereof should be made uniform for all agencies. The Overseas Employees Fringe Benefits Act authorizes this for storage purposes but not for actual shipment.

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2. We support the objective of the Overseas Employees Fringe Benefits Act to authorize the shipment of private automobiles abroad for all employees on a uniform basis. At the same time we should like to encourage a cost study of the government procurement and supply of all automobiles used by U. S. Government personnel abroad, such vehicles to be rented to overseas personnel on the basis of sound amortization schedules.

Health and Medical Services. We agree with the provisions of the pending Overseas Employees Health and Medical Services Act which will authorize uniform treatment for all civilian overseas personnel.

Personnel Problems

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1. We feel that the grade structure of ICA is slightly top heavy, especially in [REDACTED] in comparison with other agencies and recommend that attention be given to improving its balance.

2. We believe that a two year tour of duty is insufficient in a non-hardship post and urge that it be increased.

HOUSING

At all of the posts visited it appeared that personnel in the upper grade levels were adequately housed. The same could not be said, however, for middle and lower grade employees, particularly those with families. The situation is especially acute for those people who are left to their own resources to find housing on the local private market, not so much because of a lack of housing as due to high rental and utilities costs. We have the firm impression that at the posts visited adequate housing is generally not obtainable within the quarters allowance prescribed by the Department of State.

Among the agencies reviewed, only CIA has established a uniform housing policy, applicable in all posts. This policy is based on the assumption that the government intended to provide quarters, including utilities without cost to the individual. Accordingly, the agency in effect leases houses for assignment to individuals and pays the total rental and utility costs. To keep the costs within reasonable bounds, the agency requires that its station administrative officer inspect the house and approve the terms of the lease, thereby safeguarding

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25X1A6a against the danger of obtaining housing not commensurate with the employee's official status. After visiting many residences in [REDACTED] and [REDACTED] we would judge that CIA housing is at least as good, and perhaps a little better, than that provided by other agencies, but it is not conspicuously out of line. Success of CIA's policy, of course, rests to no small degree on the ability of the station administrative office to exercise reasonable restraint in approving accommodations, but there is the added safeguard that the agency by its nature must seek anonymity. If the basic assumption regarding the U. S. Government's intention is sound, we feel that the practice deserves consideration by other agencies.

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25X1A6a In establishing quarters allowance levels, the Allowances Division of the Department of State admittedly attempts to cover only 85-90 percent of expenditures in the belief that "with some payment out-of-pocket, the individual is constrained to hold over-all quarters costs down in the interest of the government as well as his own". However plausible this position may appear in theory, it is not completely satisfactory in practice. We find it difficult to appreciate the equity in a situation whereby government quarters are provided cost-free to some employees, as is true in the stations visited, while their coworkers must make out-of-pocket payments because government quarters are not available. In a city like [REDACTED] moreover, with its cold winters, flimsily built houses, and extremely high utility costs, the constraint factor is not necessarily salubrious and, in fact, probably leads to prolonged personal discomfort. It would seem that appropriate administrative controls could be devised which would eradicate present inequities and yet prevent abuses which the Department of State is properly attempting to prevent.

25X1A6a Indicative, perhaps, of State Department dissatisfaction with the present quarters allowance system is an experiment being conducted in [REDACTED], whereby Embassy employees may receive additional compensation for out-of-pocket costs for housing. Within established minima and maxima employees are reimbursed a percentage of these costs according to a sliding scale. The system does help to reduce existing inequities; nevertheless it complicates bookkeeping and continues the present assumption that housing costs should not be covered completely.

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The [redacted] housing picture is further complicated by the lack of a uniform practice as to the currency in which allowances are paid. ICA, for example, pays in [redacted] calculated at the official 2:1 exchange rate, while State pays in dollars which can then be converted at the official rate or, more customarily, paid directly to the landlord. In the latter case, however, the landlord is usually willing to accept payment at a 3:1 conversion rate or better. The result of this practice is to induce ill feelings among agency personnel and generally abet the inflationary trend of [redacted] rental levels.

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Because the official exchange rate of the [redacted] is at least a third less than the market rate and rental levels are naturally pegged to the latter, some U. S. employees are being penalized by a rigid adherence to the official rate in calculating allowances. A simple solution would be for all U. S. agencies to pay allowances in [redacted] calculated at a 3:1 rate and, if necessary, explain it to the [redacted] Government as an upward revision of allowances, thereby averting charges that the U. S. is attempting to force a change in the official exchange rate. This procedure would, in the long run, help to stabilize the [redacted] economy since it would reduce an illegal flight of dollars, some of which undoubtedly originate from dollar rental payments.

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Another problem handled in diverse ways by different government agencies pertains to the shipment of household effects. Some agencies provide major items of heavy equipment and furniture; others provide only certain items; and still others provide none. Of that which is provided, some is in extremely shabby condition. When privately owned furniture is shipped, moreover, weight allowances vary, with the Veterans Administration being on the bottom of the list for its employees in [redacted]. Also, there is little doubt but that the U. S. would save considerable money over the years were the major items of furniture and heavy equipment furnished by the government. This is the conclusion reached by an ICA study on the subject, and we believe it is a practice which should be initiated without delay.

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What has been said illustrates the need for a single, unified approach to problems of housing U. S. personnel overseas, and the Embassy administrative office should be made the central control point for administering standard policies. An example of the operational effectiveness of such a practice is [redacted] where the Embassy administrative office manages housing for State, USIA, and ICA. Most of the employees of these agencies are in government owned or leased housing, and the administrative officer assigns it on a first come first serve basis, commensurate, of course, with an employee's position. The system appears

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to work most effectively, and no serious complaints of bias or discrimination were heard. Should this approach be broadened to cover all civilian agencies, it would seem desirable to establish an inter-agency board of appeals at each post which would adjudicate complaints made against the Embassy administrative officer.

The issue of whether the U. S. Government should endeavor to provide more housing through purchase or lease, or force individuals to enter into private leases is not easy to resolve and may vary with locale. Closely related to it is the question of living in compounds versus living in scattered residences throughout a city. Answers to questionnaires and personal interviews indicate that a majority of overseas personnel in the more responsible positions favor living in the community for two reasons: (1) it avoids the creation of conspicuous, American-type "ghettos" which do not always impress the local population favorably; and (2) it forces American personnel to mix more intimately with the local population and therefore gives them a broader base and a better feel for the country in which they are residing. These views coincide with our own and we believe they should be fostered, although not necessarily for all overseas personnel.

It is generally true that apartment housing is cheaper to build per unit than individual residences, and most American personnel residing in government housing in [REDACTED] are in apartments. We perceive no objection to this type of quarters for clerical and secretarial personnel and for those people primarily engaged in the internal housekeeping activities of their agencies. For those individuals who have representational responsibilities and/or are involved in political, economic, or other types of reporting, however, we favor living out in the community.

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Based on our observations in the field we believe that the U. S. Government would save money and function more efficiently if a larger share of overseas housing were handled on a government owned or leased basis, with central management [REDACTED] Such housing might be built and owned by the local government, with U. S. financial assistance.

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In [REDACTED] private dwellings are becoming increasingly difficult to procure and even when available are generally uncomfortable by U. S. standards. The shortage is not as acute in [REDACTED], but rental rates are frequently excessive. In all three cities we feel that the U. S. should gain control of more individual residences, preferably on a long-term (ten year) lease arrangement, with the U. S.

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providing necessary maintenance. This arrangement has the advantage of requiring very little in the way of direct appropriations, since the monthly rent would be paid by the occupant out of his quarters allowance. At the same time, in instances involving new housing, it would usually enable the U. S. to influence construction standards.

Maintenance on most privately leased dwellings is now highly inadequate and frequently entails out-of-pocket costs to the U. S. occupant. Under the proposed arrangement rents would probably be reduced substantially, since the builder would be assured of long-term occupancy and would not feel constrained to amortize his investment quickly as is now the case. If a government lease program is unfeasible, we believe that the U. S. Government should enter into a modest individual residence construction program, with emphasis on [REDACTED]

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EDUCATION

We did not observe any acute educational problem for U. S. dependent children in any of the posts visited. In [REDACTED] children normally attend a service-operated school and the agencies reimburse the military service out of the education allowance. A minor problem involving reimbursement for transportation expense entailed in getting children to and from school exists, but we believe that this can be handled internally. The primary complaint in [REDACTED] concerned the lack of a kindergarten, but this void is not unknown in the U. S. and does not merit Bureau of the Budget interference. In [REDACTED] the elementary school is overcrowded and the Embassy feels that U. S. employees are not paying their fair share toward maintenance and operation of the school. Here, too, we feel that the problem can probably be negotiated out at the Embassy level.

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POST DIFFERENTIAL

25X1A6a Of the places visited, [REDACTED] has no post differential, [REDACTED] enjoys a 10 percent differential, and [REDACTED] 15 percent.
25X1A6a Although conditions in [REDACTED] appear superficially to be considerably more trying than those in [REDACTED] perhaps a closer look may justify the same rate. For [REDACTED] on the other hand, we find it difficult to justify any post differential whatsoever. In areas where most Americans live the island gives an impression of postwar U. S. suburbia, with good facilities for shopping and recreation provided by the military services. Sanitary conditions are generally good, the American community is large, and access to [REDACTED] is relatively easy. Given all these conditions, we do not believe that [REDACTED] is a hardship post and urge discontinuance of the allowance.

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TRANSFER ALLOWANCE

Under the Foreign Service Act of 1946, as amended, the Secretary of State is authorized to grant allowances for extraordinary and necessary expenses not otherwise compensated for and incidental to a change of station. Last May this allowance was made more restrictive and reduced in magnitude as a result of sharp Congressional criticism. Currently it varies from \$75 to \$175 depending on family status and is paid only in cases of changes of climatic zones.

The recent changes were the subject of widespread complaints by overseas personnel, particularly those who were involved in a change of station at the time the reductions were made. In view of the clear authorization of this allowance in the Foreign Service Act and the well-established fact that it costs money to move, we feel that State should again attempt to persuade Congress as to the propriety of this allowance. At the same time, if the allowance is justifiable for some agencies it is equally justifiable for all, and we believe that those agencies, like the Department of Defense, which have determined administratively not to grant the allowance, should reconsider their decisions.

TRAVEL PER DIEM

25X1A6a The per diem allowance paid in the cities we visited was adequate, except for [REDACTED] where the allowance is \$14 and the minimum adequate hotel accommodations is \$10 per day. This, of course, made it impossible to live within the allowed per diem, but we note that the Bureau of the Budget is now reviewing this situation for possible appropriate revision. In the remaining cities hotel rates were at least 50 percent of the per diem rate but living within the allowance was possible on the basis of a closely controlled diet and penurious tipping.

The one feature entering per diem calculations over which the official traveller usually has least control is lodging. Normally the agency being visited makes the reservations, and the individual traveller frequently finds himself using the bulk of his per diem to pay for lodging. The agency is not always at fault, of course, since adequate accommodations at reasonable cost are not always available at the time of a visit. So as to circumvent this eventuality, and also preclude the practice of a traveller seeking to "make money" by staying with friends, we feel some study should be made of the feasibility of paying the traveller per diem for non-lodging costs only, and then, in addition, reimbursing him for actual lodging costs as evidenced by certified hotel bills. This could probably be accomplished within prescribed maxima if the agency abroad exercises reasonable restraints. Additionally, the traveller need not fear being victimized by excessive hotel bills which force him to make out-of-pocket payments for necessary living expenses.

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REPRESENTATIONAL ALLOWANCE

Representational allowances actually paid by the major civilian agencies in FY 1957 were as follows:

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State		\$20,100	\$11,578	\$11,038
ICA		3,326	4,556	3,901
USIA		2,750	1,365	700
CIA:				
	Authorized	10,000	5,000	7,500
	Paid	5,380	4,225	5,109

There was insufficient time to really dig into the question of what is a reasonable representation allowance for each agency. Our general impressions are as follows:

1. Allowances for USIA are too low. Its operational success depends to a large degree on close and intimate contacts with key elements of the local populace; thus the loud complaints made by USIA personnel in the posts visited are understandable. We believe that its representational responsibilities are great and are strongly in favor of a sharp increase in the allowance.

2. As regards the Department of State, we note that statistical studies indicate that current fund availability permits a reimbursement to employees of only about two-thirds of necessary representation expenditures. We do not feel that personal affluence should be a requirement to effective performance in the Foreign Service and accordingly favor an increase in the allowance so that an officer will not have to bear part of the cost for necessary representation on an out-of-pocket basis.

3. The problem of CIA is yet another matter. Its operations are almost exclusively covert, but some representation is essential in order to preserve the cover of its employees. The figures seem to indicate that the agency has been rather liberal in its authorizations and we feel some reductions are in order, not only from the viewpoint of preserving the integrity of the organization but also because of the cathartic effect induced by forced vigilance over more limited resources. Agency directives to station chiefs demonstrate a greater latitude in the use of representation funds than is true of other agencies.

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4. In the past various agencies have had difficulty justifying requests for representational money before Congress. To provide better documentation for these requests the Department of State recently directed its missions to program representation requirements on an annual basis, using prescribed uniform criteria in arriving at estimates. Our discussions with Embassy administrative officers did not indicate particular pleasure with this assignment, probably because the standards outlined in the directive were not as precise as might be desired. Nonetheless, we feel that the approach is a sound one and should provide a better basis for future requests. At the same time there is merit to the criticism of the directive, and it is hoped that the Department will be able to improve on the benchmarks currently defined as standards on which to measure representational requirements.

OFFICIAL RESIDENT ALLOTMENT

This allotment is granted directly or indirectly by State, ICA and CIA and is paid to the principal officer to defray unusual house-keeping expenses arising out of his high status at important posts. USIA has authority to pay the allotment but has failed to do so, largely because of an inability to evolve a satisfactory formula which might be applicable on a world-wide basis but also because of fears of possible Congressional umbrage. It is our opinion that the principal officer of USIA, at least in the larger posts, does incur extraordinary housekeeping expenses much as does the ICA chief, and that the agency would be well advised to grant the allotment. We also note that State has the authority to grant this allotment to the deputy chief of mission and is not now doing so. Particularly at the larger posts it would seem inequitable for the Director of USOM and the PAO to get this allotment if it were not also received by the DCM.

TRAVEL AND TRANSPORTATION ALLOWANCES

Employees of all agencies travel on a lowest first class available basis, but there are variations in the weight allowances granted for the shipment of household effects and in the lengths of time for which furniture storage is authorized. The former is of particular significance because of the high cost of shipping excess weight to the distant Far East. If the above recommendation regarding government ownership and supply of heavy household equipment items is adopted, the shipping problem will be largely solved; if not, we would advocate that weight limitations and authorized storage periods for all agencies be equalized, using the Foreign Service allowances as a standard.

Also significant in this field is the varying policy regarding the shipment of automobiles. The major foreign affairs agencies authorize the shipment at government expense; some of the small agencies and the

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Department of Defense (for civilians) do not. The pending Overseas Employees Fringe Benefits Act will authorize this allowance for all agencies, and we believe that it should be implemented uniformly.

Our review also indicated the desirability of conducting a study to determine the relative cost of government ownership of all vehicles, with the provision that it would rent the vehicles to overseas personnel. Rental policies could be so geared as to ensure fair treatment both for employees having full-time need of a vehicle as well as for those having only occasional need. We anticipate that the initiation of such a program could result in sizeable savings to the government, assuming a realistic rental level established on sound actuarial principles. The proposal would have the added merit of preventing speculation in the buying and selling of government-shipped private automobiles, a practice which has worsened relations with some foreign nations endeavoring to enforce a tight import control policy. Under present conditions, shipping costs are sometimes greater than the value of automobiles being shipped back to the U. S. at the end of a tour of duty.

EMPLOYEE SERVICES

We obtained the impression that employee services are receiving adequate attention by the various agencies at all the posts visited. Health and medical services vary somewhat by agency, although hospitalization is generally available in an American military hospital for employees and dependents alike. Charges for hospitalization are not completely uniform, however, particularly for dependents. In [REDACTED] for example, DOD civilian employees pay five dollars per day; State, USIA, and ICA employees pay nothing; and employees of many of the smaller agencies enjoy no government hospitalization. Dependents of DOD civilian employees pay five dollars per day, those of State, USIA, and ICA pay \$19.25 per day in the [REDACTED] Army Hospital and those of the smaller agencies lack authorization for government hospitalization.

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The [REDACTED] hospital treats patients from [REDACTED] (and other countries in Southeast Asia) as well as the [REDACTED]. Employees are treated at government expense, while dependents except for DOD civilians are at the employees' expense. The Veterans Administration, however, provides no hospitalization for either employees or dependents at government expense.

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CIA has a standard hospitalization policy which it applies on a world-wide basis. For employees the agency provides free hospitalization and surgery, including travel to a suitable hospital; for dependents the same basic coverage is provided, except that the patient must pay the first \$35 of a hospital bill and hospitalization is limited to 120 days. This authority rests on the Foreign Service Act of 1946, as amended, and is also held by State, but the latter has never applied

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it to dependents because of a lack of funds.

For less serious illnesses which do not entail hospitalization, there is considerably greater uniformity. Each of the embassies visited has a health unit which normally provides out-patient treatment at no or at nominal cost to the patient, employee and dependent alike. In addition, military dispensaries are sometimes utilized, and their rules are much the same.

It is our belief that existing discrepancies which exist in the health and medical services should definitely be eradicated and that uniform services should be provided by all agencies. Authority for this type of standardization is contained in the Overseas Employees Health and Medical Services Act (H. R. 6141), the passage of which deserves vigorous support. Admittedly, differences may still prevail because of subsequent appropriation actions, nevertheless the authority must come first and we endorse it.

25X1A6a To our knowledge no agency is totally denied commissary purchasing privileges in the posts visited, although the facilities are not always up to the standards desired nor are military commissaries always uniformly available. The withdrawal of military forces from
25X1A6a [redacted] will occasion some inconvenience, but a commissary already exists in the Embassy which can probably be expanded and PX type items can
25X1A6a easily be purchased in spacious [redacted] department stores. The commissary in [redacted] has had procurement difficulties but recently
25X1A6a concluded arrangements for direct procurement from the U. S. Navy on the West Coast, and this should largely solve the problem. In [redacted] the military commissary was recently closed to civilians, but a large and expanding facility under Embassy auspices is functioning and appears quite adequate.

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25X1A6a Recreation services are usually provided through voluntary employee associations, with administrative and organizational assistance often supplied by one or more of the agencies. [redacted] of course, is a modern and interesting country and anyone with imagination will not want for something to do. Conditions are perhaps more trying in [redacted] and
25X1A6a [redacted] but the Embassy in [redacted] maintains limited rest facilities in [redacted] and the Air Force has similar facilities which are made available to civilian agencies when not fully occupied by the military services.
25X1A6a Climatic conditions in [redacted] are very torrid and enervating at times, and we would not be averse to an official annual rest and rehabilitation trip outside the country. It has been suggested that [redacted] be expanded for this purpose, but our conversations with [redacted] employees and dependents strongly indicated that the attractions of [redacted] are so powerful that [redacted] would probably lose out in the competition. This is particularly true when it is realized that the average tour of duty in the Far East is only two years.

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Although time did not permit a desk audit of overseas personnel, some effort was made to compare agency personnel on a grade structure basis. The result is shown on the following tables:

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Grade												
	State	USIA	ICA	CIA	State	USIA	ICA	CIA	State	USIA	ICA	CIA
CM					1.0							
FSO-1	2.7	0	3.8	0	2.0	0	0.8		1.5	0	0.9	
FSO-2, GS-17, GS-16	5.3		11.5	0.5	2.9	1.5	4.8	1.0	4.5	0	2.7	
FSO-3, FSS-1, GS-15, GS-14	7.0	5.6	15.4	12.2	9.6	7.4	25.8	8.3	11.9	0	9.8	
FSO-4, FSS-2, FSS-3, GS-13	5.3	14.8	15.4	9.0	6.7	11.8	32.3	6.3	3.0	16.0	33.9	
FSO-5, FSS-4, 5,6 GS-12	12.3	40.7	3.8	17.1	7.7	55.9	21.0	11.5	9.0	32.0	20.5	
FSO-6, FSS-7,8 GS-11,10	15.0	20.4	7.7	22.1	11.5	11.8	4.8	9.4	10.4	20.0	5.4	
FSO-7, FSS-9, GS-9,8	9.6	1.8	0	12.6	7.7	1.5	3.2	30.2	3.0	8.0	0.9	
FSO-8, FSS-10, 11, GS-7,6	23.5	9.3	11.5	21.2	28.8	5.9	3.2	24.0	28.4	8.0	12.5	
FSS-12, 13 GS-5,4	19.3	7.4	30.8	5.4	22.1	4.4	4.0	9.4	28.4	16.0	13.4	
Totals	100.0	100.0	99.9	100.1	100.1	100.2	99.9	100.1	100.1	100.0	100.0	

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Grade	State	USIA	ICA	CIA	State	USIA	ICA	CIA	State	USIA	ICA	CIA
CM					54							
FSO-1	53.2		51		53		42		49		40	
FSO-2, GS-17, GS-16	46.1		50.7	47	49	51	52	52	44		51	
FSO-3, FSS-1, GS-15, GS-14	44.5	47.3	48.8	41.9	47	48	52	42	42		47	
FSO-4, FSS-2, FSS-3, GS-13	37.8	42.3	44.5	38.6	45	49	49	37	41	38	46	
FSO-5, FSS-4, 5,6 GS-12	40.4	39.1	41	37.2	39	41	44	36	39	40	47	
FSO-6, FSS-7,8 GS-11,10	36.1	35.4	46.5	35	35	37	46	33	36	30	40	
FSO-7, FSS-9, GS-9,8	37.1	34		34.4	43	34	44	32	33	32	47	
FSO-8, FSS-10, 11, GS-7,6	35.6	29.4	38	34.7	34	33	33	29	35	27	31	
FSS-12, 13 GS-5,4	34.8	27.3	28.4	27.4	30	31	44	30	28	34	29	

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U. S.-direct hire

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State	USIA	ICA	CIA	State	USIA	ICA	CIA	State	USIA	ICA	CIA
\$6,825	\$7,445	\$8,669		\$5,533	\$7,663	\$9,224		\$6,344	\$7,130	\$8,542	

As the tables indicate, there are significant discrepancies in grade structures of the different agencies. The picture is somewhat distorted, however, because State normally provides administrative support to other agencies and this tends to reduce its average base pay slightly while increasing correspondingly that of the agencies being supported. Despite this fact, it is clear that ICA, comparatively speaking, is overgraded in all three posts, particularly in [REDACTED]. As regards average age in grade, there are no major differences among the agencies. CIA averages are slightly lower, but not conspicuously so.

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While reviewing personnel problems, another problem came to light in the form of the large number of contract personnel in [REDACTED] outnumbering ICA direct hire by approximately three to one. This is explainable to a degree by the need for technical specialists in many fields who are usually retained on a time contract basis. The presence of these contract employees has created a morale problem both among contractees as well as among other employees. Under federal law the contract people are relieved of U. S. income taxes, provided they reside abroad for eighteen months or more, and this has incurred the envy of many U. S. direct hire employees. In addition, the actual terms of the contracts vary, depending to a degree on the negotiating skill of the contractor, and these differences have induced ill will among the contract groups. One example of this phenomenon is the fact that all contract groups in [REDACTED] do not receive the same hardship allowance. It would seem that the logical place to correct this type of problem is in ICA/Washington, where greater respect should be paid to standardizing perquisites and privileges of all U. S. personnel. We would recommend that allowances and differentials should not be the subject of negotiation in ICA contracts. Moreover, if contract personnel are to be granted the same privileges accorded direct hire personnel, their salaries might be adjusted accordingly.

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One of the questions which arose rather frequently during the trip concerned the desirable tour of duty for American overseas personnel. Because of the debilitating impact of the tropics on the average American, it appears that a two year tour in Southeast Asia is sufficient, except

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in rare circumstances. In fact, the desirability of a longer stay is sometimes questionable, even in those instances when the individual requests it. The same is not true, however, of temperate areas such as [REDACTED]. Here we were told repeatedly that a two year tour constitutes a waste of manpower and money because of large transportation costs and the on-the-job time required before an employee reaches maximum effectiveness. Our feeling is that, when climatic conditions are hospitable, a longer tour does not constitute a hardship and that serious thought should be given to increasing the length of stay to at least three years.

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